

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2807  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committees on Agriculture and Hawaiian Affairs and Water and Land and Intergovernmental and Military Affairs, to which was referred H.B. No. 2807, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LAND USE,"

beg leave to report as follows:

The purpose of this measure is to provide incentives for landowners to designate their lands as important agricultural lands (IALs) by:

- (1) Allowing a landowner, who has been granted a declaratory order from the Land Use Commission (LUC) to designate all or some of the landowner's land as IAL, to fulfill a state or county affordable housing assessment (assessment) by providing affordable housing in lands zoned as rural in lieu of satisfying the assessment in the urban district; and
- (2) Revising the landowner petition process for IAL designation by:
  - (A) Specifying that a farmer or landowner may petition LUC for declaratory order to designate lands as IALs in perpetuity; and
  - (B) Allowing farmers or landowners that petition the LUC for declaratory order to designate lands as



IALs in perpetuity to seek, in the same petition, a reclassification of land from the agricultural district to the rural district, urban district, or a combination of both, under certain conditions.

Your Committees received testimony in support of this measure from the Hawaii Farm Bureau Federation, the Hawaii Association of Realtors, Kamehameha Schools, and the Land Use Research Foundation of Hawaii. Your Committees also received testimony in support with amendments from Castle and Cooke, Alexander and Baldwin, Dole Food Company, Department of Agriculture, The Chamber of Commerce of Hawaii, and the Kauai Chamber of Commerce. Testimony in opposition was received from the City and County of Honolulu Department of Planning and Permitting, the Department of Business, Economic Development and Tourism, Office of Planning, the Hawaii Chapter of the Sierra Club, Hawaii's Thousand Friends, Puakala Farms, a Councilmember from the County of Kauai, and four individuals.

Your Committees find that Act 183, Session Laws of Hawaii 2005, was enacted to establish standards, criteria, and mechanisms to identify important agricultural lands and to implement the intent of Article XI, section 3, of the Hawaii State Constitution, which provided the framework for state policies to promote agriculture and the conservation of productive agricultural lands in the State.

Your Committees also find that it is a long recognized policy of the State to promote agricultural operations and to conserve productive agricultural lands. Although discussion of an incentives package to preserve important agricultural lands has been under discussion for several years, no such incentive package has yet been enacted.

To this end, your Committees have amended the measure by deleting its contents and inserting therefor, language that provides incentives to landowners of important agricultural lands by:

- (1) Providing that rental income from agricultural leases are to be excluded from gross income calculations;
- (2) Allowing agricultural landowners to receive a real property tax credit;



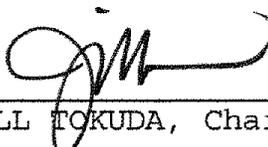
- (3) Allowing agricultural landowners to construct residential housing for its employees, farmers, and families;
- (4) Allowing agricultural landowners to receive a business tax credit; and
- (5) Providing a loan guaranty program to agricultural producers for the purpose of agricultural or aquacultural operations or capital improvements.

Your Committees believe that this amended measure represents a very broad-based approach with tax credits for rental income from agricultural leases, for payment of real property taxes, and for qualified agricultural business expenditures. Other features of this measure include provisions for residential housing on important agricultural lands, loan guaranty programs to be administered by the Department of Agriculture, and expedited permit processing for agricultural operations.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2807, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2807, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Hawaiian Affairs and Water and Land and Intergovernmental and Military Affairs,

  
CLAYTON HEE, Chair

  
JILL TOKUDA, Chair

  
LORRAINE R. INOUE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Agriculture and Hawaiian Affairs**  
**AHW**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2807, HD 2	AHW/WTL/IGM, WAM	18 March 2008
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
TOKUDA, Jill N. (C)	✓	
ENGLISH, J. Kalani (VC)	✓	
GABBARD, Mike		✓
HEE, Clayton	✓	
KOKUBUN, Russell S.	✓	
SLOM, Sam		✓
<b>TOTAL</b>	4	2
Recommendation:		
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
Goldenrod Committee File Copy		

\*Only one measure per Record of Votes

The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Water and Land**  
**WTL**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2807, HD2	AHW/WTL/IAM, CPH	3/18/07

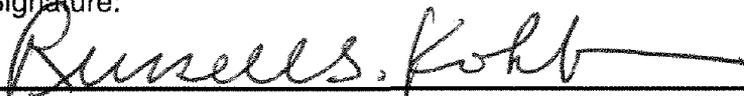
The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	/			
KOKUBUN, Russell S. (VC)	/			
FUKUNAGA, Carol				/
TOKUDA, Jill N.	/			
WHALEN, Paul				/
<b>TOTAL</b>	<b>3</b>			<b>2</b>

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:  


Distribution:    
 Original     Yellow     Pink     Goldenrod  
 File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy

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**Record of Votes**  
**Committee on Intergovernmental and Military Affairs**  
**IGM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2807, HD2	AHW/WTL/IGM, CPA	3/19/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUYE, Lorraine R. (C)	/			
TSUTSUI, Shan S. (VC)	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	2	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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